

## Strategy Document

### GROUP STRATEGY

|                           |                                                                              |
|---------------------------|------------------------------------------------------------------------------|
| <b>Date Issued</b>        | August 2023                                                                  |
| <b>Date Last Reviewed</b> | August 2025                                                                  |
| <b>Department</b>         | Corporate                                                                    |
| <b>Title</b>              | <b>Procurement &amp; Value for Money Strategy 2023/26</b>                    |
| <b>Objective</b>          | To set out the strategic direction for the group in relation to procurement. |
| <b>Responsible</b>        | Director of Finance & Corporate Services                                     |
| <b>Next Review Date</b>   | <b>March 2026</b>                                                            |

#### 1.0 Purpose

- 1.1. This document articulates the East Lothian Housing Association Group's (The Group includes East Lothian Housing Association and its subsidiary company, R3 Repairs, thereafter referred to as ELHA) strategic focus for its procurement activities.
- 1.2. It provides an overview on how we will meet our aims and objectives to deliver value for money, including how we intend to carry out our regulated procurement activity.
- 1.3. Section 15 of the Procurement Reform (Scotland) Act 2014 requires any public organisation, which has an estimated total value of regulated procurement spend of £5 million or more (excluding VAT) in a financial year, to prepare and publish a procurement strategy. The period the procurement strategy covers can be defined by the organisation e.g. 3 years, 5 years, etc. We have chosen to make this for 3 years.
- 1.4. As we have ambitions to develop new housing stock, ELHA's estimated value of regulated procurement spend is expected to exceed £5million or more in the short to medium term. Therefore, there is now a requirement for us to prepare and publish a procurement strategy.
- 1.5. Where an organisation has an existing procurement strategy, there is no requirement for it to prepare a completely new procurement strategy each year. This is ELHA's first documented procurement strategy.
- 1.6. An organisation must, however, review its procurement strategy annually and make such revisions as it considers appropriate for the purposes of the Act. We will adopt this approach.

- 1.7. An organisation must publish its procurement strategy, including any revisions, online, and by any other appropriate means. ELHA must notify Scottish Ministers of the publication of its procurement strategy by sending an email to [ProcurementStrategies@gov.scot](mailto:ProcurementStrategies@gov.scot) attaching the procurement strategy or including a link to where the procurement strategy can be accessed. This strategy will be made available on elha.com.
- 1.8. Section 15(5) of the Act sets out what an organisation must include as a minimum in its procurement strategy. This includes setting out how the organisation intends to ensure that its regulated procurements will deliver value for money, and how they will be carried out in compliance with the sustainable procurement duty. Sections 2 to 14 of this strategy are real-life sections that have been included in procurement strategies of other organisations and are recommended for use by the Act.

## 2.0 Executive Summary

- 2.1. Our vision is to create Healthy Happy Homes, and our Procurement and Value for Money Strategy helps us to achieve that goal.
- 2.2. This Strategy outlines how we will use procurement to achieve value for money which will support delivery of our vision and strategic ambitions of:
  - First class affordable rented homes
  - Excellent customer care
  - Expert Maintenance services
  - Support for independent living
- 2.3. We believe that making the most of every pound of our money we spend is vital to ensure we can maintain affordable rents. That is why we aim where possible to self-deliver goods and services within ELHA. However, we recognise this is not always possible and we will be required to procure goods and services. We believe the aims of this strategy will strengthen our procurement capabilities and exceed the aspirations of our customers, whilst at a cost that remains affordable and allows us to achieve our corporate objectives.

## 3.0 Procurement Vision / Mission Statement

- 3.1. Our Procurement Vision is:

*“Our procurement vision is to self-deliver in the main, by ensuring we deliver a quality service, using quality goods at an affordable cost. Where we cannot self-deliver, we will ensure procurement delivers commercially effective, compliant processes across the Group. We will procure goods, works and services which will ensure excellent customer service and supplier contract management.”*

3.2. Our Procurement Mission Statement is:

*“To provide strategic direction for procurement across the organisation through knowledge and collaborative working practices with a central focus on delivering enhanced services, continuous improvement and value for money through open, transparent and ethical procurement procedures that deliver sustainable social and environmental benefits to our communities.”*

**4.0 Strategy Rationale / Context**

- 4.1. The purpose of our Procurement and Value for Money Strategy is to set out the Vision and Strategic Aims which direct and govern our procurement activities.
- 4.2. Within ELHA, there is a commercially trading subsidiary operating in an area where a significant proportion of the parent's expenditure is incurred. This area is property repairs, maintenance and major component replacements. The Group always looks to self-deliver in this area. This self-delivery model is a key strategic commitment of ours to ensure first, a high degree of quality and second, ensure costs are within the Group's control. The relationship is structured so that the subsidiary company can carry out work for ELHA under the Teckal parameters.
- 4.3. That said, we recognise that we cannot self-deliver in all aspects of our operations. We also recognise the importance of making the most of our third party spend and taking the right decisions to achieve the right outcomes means that that we need a dynamic strategy for ensuring there is a clear framework for achieving a continuous programme of improvement and value.
- 4.4. This strategy should enable procurement to contribute to the Group's overall vision and to provide efficiencies to help the Group deliver its key priorities and front-line services.
- 4.5. The strategic aims and objectives will be aligned to each financial year and will be reviewed annually to ensure that an efficiency focus is maintained year on year. The results will be reported annually, with the annual procurement report, and new targets set for the coming year.
- 4.6. The current strategic aims and objectives are set against a backdrop of local and national economic challenges, objectives and pressures.
- 4.7. Affordability of rent is a sector wide issue for Housing Association customers. To enable us to keep our rents affordable we need to make purchasing decisions that are aimed at delivering high-quality goods/services at a competitive price.

- 4.8. As the Scottish Government pushes towards its Zero Carbon target by 2045, it is recognised that Housing Associations are going to play a key part in this through new build properties and retrofitting of existing properties. It is therefore important that we work with suppliers who are innovative and challenging the status quo to deliver goods / services that are going to meet this requirement. We must also work with suppliers to build capability and expertise in this area in order to maintain competitive pricing. Alongside these actions, we will actively pursue external funding to support this vision.
- 4.9. The strategy also recognises that ELHA staff are on a continuous journey on developing procurement capability. Contract management continues to be an area of improvement for the organisation and linked to effective contract management is an understanding of the goods and services being procured. By improving our understanding of what we are procuring and then reflecting this in our specifications, it will ensure we are meeting the needs of what it is we are intending to purchase.
- 4.10. We will measure elements of the effectiveness of the procurement strategy via the Continuous Improvement Programme for Procurement (CIPP). Although not a mandatory requirement of the Act, it is strongly recommended that we focus on the appropriate CIPPAssessment Question (the procurement influence question) when developing our strategy. As a developing Housing Association, the Group will be required to undertake the CIPP as a condition of the Housing Association Grant funding.

## **5.0 Strategic Aims, Objectives & Key Priorities**

- 5.1. To support our strategic ambitions, the key strategic aim for our Procurement and Value for Money Strategy is focused on delivering an exceptional customer experience with the outcome of achieving high customer satisfaction and well-maintained homes. The aim is then broken down into objectives of:
- Efficiently manage our costs
  - Driving quality service improvements linked to customer experience
  - Socially responsible practices
  - Continuous improvement to achieve best value
- 5.2. This strategy will help us to achieve our business plans aims by:
- First class affordable rented homes - Procuring suppliers that can deliver and maintain quality homes at a price that allows us to make our rents affordable for our tenants
  - Excellent customer care - Procuring goods and services that people want in a way that responds to their needs and exceeds their expectations whilst also ensuring cost and satisfaction are favourable

- Expert Maintenance services – Procuring goods and services from contractors that allows us to maintain high quality housing stock
  - Support for independent living – Ensuring we have the supply chain in place that can support our tenants to live safely and independently for longer
- 5.3. To achieve our aim, we have developed four ambitions to help us define progress towards improving our procurement capabilities. An overview of the ambitions is set out in **Appendix 1**. In order to achieve these ambitions, **Appendix 2** contains the Action Plan for the first year of this strategy. The action plan for the subsequent years will be updated annually at the same point the strategy is updated.
- 5.4. **Ambition 1** – All spend that can be positively influenced by procurement activity has a corresponding contract.

By analysing our supplier spend and establishing what contracts we have in place, it will allow us to establish a programme of contract renewals and monitor existing contracts.

We will monitor existing contracts to ensure regular supplier meetings are held with suppliers we are in contract with. As part of this review, we will ensure contract KPI's are being adhered to and where not, work with the supplier to identify why contractual performance is an issue or seek to terminate the contract on non-performance.

By having a central record of all contracts, it will allow us to identify lessons learnt from previous procurement exercises and work towards best practice guidance which can be shared to the wider group.

#### **Ambition 1 Outcomes**

- Higher contractor performance
  - Tendering process carried out in a timely manner – this allows sufficient time for any customer consultation and participation in the process
  - Deliver savings that can be passed onto tenants through lower rent
  - Ensuring goods and services are delivered to customers at competitive prices
  - Ongoing proportional contract management ensures the right outcomes are delivered and the performance of contracts is maximised
- 5.5. **Ambition 2** – All procurement activity complies with statutory and regulatory requirements and is supported by a detailed technical specification of our purchasing requirements.

Ensuring we are compliant with statutory and regulatory guidance ensures we are in line with the principles of public procurement: transparency, equality, proportionality and mutual recognition.

We will continue to operate with our self-delivery model. Where required to publicly tender, we will look to utilise local / national frameworks or use the expertise of a procurement specialist.

A detailed technical specification of goods / services to be procured allows the supply chain to understand our requirements to ensure the purchasing objectives are achieved.

### **Ambition 2 Outcomes**

- All suppliers utilised will be of high quality and deliver exceptional customer service
- We will purchase exactly what we intend to purchase to meet our customer needs and the supplier will fully understand our requirements

5.6. **Ambition 3** - All relevant contracts are arranged to include sustainable procurement requirements.

Sustainable public procurement aims to make the best use of public money.

Every time we make a regulated procurement we will:

- Ensure contracts can be structured in such a way as to assist wherever practical, local suppliers, micro, small and medium enterprises and the third sector to tender for our business
- Promote innovation by considering working in partnership with the supply chain to develop an innovative offering
- Promote early supplier engagement to foster innovative and entrepreneurial responses to our needs and requirements
- Ensure life cycle costings are factored into purchasing decisions (we will improve purchasing within the organisation that promotes economies of scales such as standard component replacement parts for all properties)
- Encourage a sustainable supply base that can support the work of the organisation to provide resilient and robust supply chains

### **Ambition 3 Outcomes**

- Growth in local communities through employment
- Enhanced use of technology to maximise value for money
- Ability to respond to customer needs supported by the latest innovation

- 5.7. **Ambition 4** – All staff trained to be able to carry out a procurement activity commensurate with their role within the Group and authority level.

Through continuous learning and development all staff will feel competent in delivering procurement activity.

**Ambition 4 Outcomes**

- Secure commitment to excellent procurement from all staff throughout the Association
- 5.8. The Procurement and Value for Money Strategy will be supported by several other strategies including:
- Asset Management Strategy
  - Risk Management Strategy
- 5.9. In line with the requirements of the Act, the following is included in the Procurement Policy that supports this strategy:
- The use of community benefit requirements
  - Consulting and engaging with those affected by its procurements
  - The payment of a Living Wage to persons involved in producing, providing or constructing the subject matter of procurement
  - Promoting compliance by contractors and sub-contractors with the Health & Safety at Work, etc. Act 1974 and any provision made under that Act
  - The procurement of fairly and ethically traded goods and services

**6.0 Measuring the Impact**

- 6.1. It is important that we understand the impact of the work we undertake. This is necessary to ensure that we know what works; what difference has been made, and how effective ELHA's procurement can be.
- 6.2. The following outcomes demonstrate the effective implementation of the Procurement Strategy and can be summarised as follows:
- Contracts - ensuring that all spend that can be positively influenced by procurement activity has a corresponding contract
  - Compliance - ensuring that all procurement activity complies with statutory and regulatory requirements

- Accessibility - ensuring that contracts can be structured in such a way as to assist wherever practical, local suppliers, micro, small and medium enterprises and the third sector to tender for our business
  - Sustainability - ensuring that all relevant contracts are arranged to include sustainable procurement requirements
- 6.3. The main activities that will be undertaken in 2024/25 to achieve these outcomes are included in **Appendix 2**.
- 6.4. The following performance indicators will be used to monitor progress in the outcome for the life span of the strategy and reported annually with the Annual Procurement report:

| Performance Indicator Name                                                                              | Target |
|---------------------------------------------------------------------------------------------------------|--------|
| Percentage of ELHA expenditure covered by contracts                                                     | 91%    |
| Number of ELHA collaborative opportunities explored as a percentage of all regulated contracts tendered | 100%   |
| Regulated contracted ELHA suppliers paying the living wage                                              | 100%   |

## 7.0 Spend / Finance

- 7.1. We incur costs in the following key areas;
- Management of the business
  - Repairs and maintenance of our own properties – reactive and cyclical maintenance – some of which will be chargeable, or service charged to customers
  - Major repairs and upgrades to our own properties – i.e. kitchens, bathrooms and also including Aids & Adaptations
  - Materials and subcontractors for repairs and maintenance to customers properties
  - Development of new properties
  - IT equipment
  - New innovations
- 7.2. The key areas of spend are, materials and subcontractors for repairs, Major Repairs and Development of New Properties.
- 7.3. Our current forward financial projections over the next 5 years contain a potential future spend on property component replacements of £5.8m and a new build Development programme of £34m. As we strive to achieve our Strategic Aims set out in Section 5 this will ensure we will minimise cost and maximise value from this spend.



7.4. In line with the requirements of the Act the following is included in the Procurement Policy that supports this strategy and intends to ensure that, so far as reasonably practicable, the following payments are being made no later than 30 days after the invoice (or similar claim) relating to the payment is presented:

- Payments due by the organisation to contractor(s)
- Payments due by a contractor to a sub-contractor(s)
- Payments due by a sub-contractor to sub-contractor

## **8.0 Staff Expertise**

- 8.1. Delivering this strategy requires our staff to have a clear understanding of why we procure, how we do this and what performance and improvement looks like.
- 8.2. In order to ensure this, we will develop a Competency Framework to define what skill level each role in the organisation should have in relation to procurement.
- 8.3. Having done this, a training programme will be put in place for staff to ensure they have the skills commensurate with their responsibility.

## **9.0 Equality and Human Rights**

- 9.1. We are committed to recognising and celebrating diversity and promoting equal opportunities. We recognise the dignity and worth of each individual and promote mutual respect between Group's based on understanding and valuing diversity, underpinned by a respect for equality and human rights.
- 9.2. We will continue to work towards the widest representation from all sections of the community. We will try and remove all barriers to involvement, supporting communities wherever possible. We will also work in partnership with other organisations to embed good practice.
- 9.3. Nobody will be treated less favourably than any other person or group because of their race, colour, ethnicity or national origin or because of their religion, gender, sexuality, disability, appearance, age, physical or mental health condition or marital status.

## **10.0 Implementation, Monitoring, Reviewing and Reporting**

- 10.1. The strategy will be subject to ELHA's framework of monitoring and review to ensure progress and flexibility to respond to new and emerging needs.
- 10.2. Monitoring of the strategic objectives and action plan tasks will be in the form of an annual report to the Audit & Assurance Committee.

- 10.3. The Action Plan that supports the strategy will be subject to annual renewal and development to ensure that new priorities are addressed, and the strategic objectives continue to deliver a value for money for the customer.
- 10.4. Externally, we will publish our Annual Procurement Report in line with the requirements of the Act. There are no deadlines for this, but we will strive to report this as soon as practically possible after the financial year end.
- 10.5. ELHA will undertake the Continuous Improvement Programme for Procurement as well as a future Internal Audit in this area to provide external confirmation of compliance with this strategy as well as recommendations for areas of improvement.

## **11.0 Risk Management**

- 11.1. In the delivery of this strategy, we recognise that several risks exist.
- 11.2. As part of ELHA's approach to risk management, our policy and procedure supporting this strategy, sets out our approach to ensure compliance with all Health and Safety matters as part of any procurement exercise.

## **12.0 Strategy Review**

- 12.1. The Director of Finance & Corporate Services will ensure that this Strategy is reviewed every year, and any amendments required will be submitted to the Management Committee for approval.
- 12.2. This Strategy complies with all relevant law and best practice and will be reviewed if any changes necessitate an early review.
- 12.3. This Strategy and supporting policy and procedures have also been checked to ensure that opportunities for bribery or corruption in terms of the Bribery Act 2010 have been minimised. Further information on compliance with the Bribery Act 2010 can be found in ELHA's Anti-Bribery and Corruption Policy.

## Approved by ELHA Board 21/08/25

### Appendix 1

| Ref | Objective                                                                                                | Where Are We At Now                                                                                                                                                                                                                                                                                | Start Target | End Target  | Outcome                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | <b>All spend that can be positively influenced by procurement activity has a corresponding contract.</b> | <p>Spending money with no contract in place.</p> <p>Subsidiary contract spend analysed</p> <p>Contracts held in various locations across the business.</p> <p>No tendering timetable in place.</p> <p>Ad hoc supplier meetings held.</p> <p>No formal and central recording of lessons learnt.</p> | Q2<br>23/24  | Q4<br>25/26 | <p>Visibility of who we are spending money with and how much.</p> <p>All contracts held in one place and visible to whole organisation.</p> <p>End dates on contracts identified and a planning process put in place to tender contract.</p> <p>Suppliers identified that don't have a contract in place and where a contract should be in place to be put into the planning process and put out to tender</p> <p>Contract meetings taking place</p> <p>Improvement in supplier performance and customer experience through supplier scrutiny.</p> <p>Reduced customer complaints.</p> <p>Timetable of procurement activities laid out for the next 3 years.</p> <p>Appropriate lead in times into tendering new contracts to allow time for detailed specification to be created and customer consultation.</p> |

**Approved by ELHA Board 21/08/25**

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|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2 | <b>All procurement activity complies with statutory and regulatory requirements and is supported by a detailed technical specification of our purchasing requirements.</b> | <p>Some current spends would benefit from a regulated tender.</p> <p>Improved supplier specifications.</p>                                                                                                    | Q2<br>23/24 | Q4<br>25/26 | <p>All business expenditure procured in line with the statutory and regulatory requirements. Risk of incorrectly procuring reduced.</p> <p>Clear and concise technical specifications that meet customer (both external and internal) expectations and allow the supply chain to accurately price for work.</p>                                                                                                                                    |
| 3 | <b>All relevant contracts are arranged to include sustainable procurement requirements.</b>                                                                                | <p>Not considering sustainable procurement at the outset of any tender.</p> <p>Unable to quantify % of spend spent on local suppliers, micro, small and medium enterprises and the third sector business.</p> | Q2<br>23/24 | Q4<br>25/26 | <p>Where VFM can be evidenced, an increase in use of local suppliers, micro, small and medium enterprises and the third sector business.</p> <p>Improvement in quality of service to customers through local supplier knowledge.</p> <p>Quantified % expenditure with local suppliers, micro, small and medium enterprises and the third sector business.</p> <p>Engagement with local supply chain well in advance of tendering requirements.</p> |

**Approved by ELHA Board 21/08/25**

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|---|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | <b>All staff trained to be able to carry out a regulated procurement activity.</b> | Mixed skill set across the organisation in terms of ability to deliver a regulated procurement activity. | Q2<br>23/24 | Q4<br>25/26 | Expectations set in terms of skill level for each role in the organisation.<br><br>Continual training plan put in place to enhance staff skill set at the level required for job role. |
|---|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## Approved by ELHA Board 21/08/25

### Appendix 2

| TASK                                                                                                                                                                               | ASSIGNED TO | PROGRESS | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|----------|-----|------|-----|-----|-----|-----|-----|-----|
| <b>All spend that can be positively influenced by procurement activity has a corresponding contract.</b>                                                                           |             |          |     |      |     |     |     |     |     |     |
| Full contracts database maintained and monitored on a monthly basis to ensure all spends >£2k per annum and a responsible individual.                                              | DoF&CS      |          |     |      |     |     |     |     |     |     |
| Full contracts database monitored on a monthly basis to ensure supplier meetings are being held, in line with the contracts management policy, and contract KPI's being monitored. | DoF&CS      |          |     |      |     |     |     |     |     |     |
| Tendering timetable for 2026/27 and beyond put in place.                                                                                                                           | DoF&CS      |          |     |      |     |     |     |     |     |     |
| <b>All procurement activity complies with statutory and regulatory requirements and is supported by a detailed technical specification of our purchasing requirements.</b>         |             |          |     |      |     |     |     |     |     |     |
| Continue to review contracts to ensure compliance with statutory and regulatory compliance                                                                                         | DoF&CS      |          |     |      |     |     |     |     |     |     |

## Approved by ELHA Board 21/08/25

| TASK                                                                                        | ASSIGNED TO | PROGRESS | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar |
|---------------------------------------------------------------------------------------------|-------------|----------|-----|------|-----|-----|-----|-----|-----|-----|
| <b>All relevant contracts are arranged to include sustainable procurement requirements.</b> |             |          |     |      |     |     |     |     |     |     |
| No regulated procurements required to be undertaken from now until 31 March 2026.           | DoF&CS      |          |     |      |     |     |     |     |     |     |
| <b>All staff trained to be able to carry out a regulated procurement activity.</b>          |             |          |     |      |     |     |     |     |     |     |
| R3 Role profiles to be revised to include section on procurement responsibilities.          | DoF&CS      |          |     |      |     |     |     |     |     |     |